

Message Text

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PAGE 01 JAKART 04468 111148Z

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ACTION SS-30

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1759

C O N F I D E N T I A L JAKARTA 4468

EXDIS

FROM AMBASSADOR

E.O. 11652: GDS

TAGS:

SUBJ: PL 480 TITLE I OUTLOOK

REF: STATE 047882

1. AGRICULTURAL ATTACHE VERLE LANIER TELLS ME THAT SECRETARY BUTZ STATED AT RECENT BANGKOK ATTACHE MEETING THAT THERE WOULD BE NO FURTHER PL 480 TITLE I PROGRAM FOR INDONESIA ON GROUNDS THAT INDONESIA NOW ABLE TO PAY FOR NEEDED AGRICULTURAL IMPORTS.

2. IN DISCUSSIONS WITH INDONESIAN AUTHORITIES I HAVE ONLY GUARDEDLY REFERRED TO FY 75 PL 480 BUDGET REQUEST (MENTIONED IN REFTEL) OF \$116 MILLION FOR INDONESIA AND HAVE STRESSED POSSIBILITY COMMODITY SUPPLY CONSTRAINTS. IF IT IS LIKELY, HOWEVER, THAT INDONESIA WILL BE ENTIRELY RULED OUT OF CONSIDERATION FOR TITLE I AVAILABILITIES ON GENERAL ECONOMIC GROUNDS, THEN I WOULD PREFER TO KNOW THIS NOW SO THAT I CAN PREPARE OFFICIALS HERE FOR THIS NEWS.

3. I FULLY APPRECIATE PRESSURES ON PL 480 AND FACT THAT IT IS INCREASINGLY DIFFICULT TO JUSTIFY HELP TO INDONESIA WITH ITS RELATIVE WEALTH. WE HAVE SITUATION HOWEVER WHERE WE HAVE ALREADY BEEN FORCED TO CUT BACK ON PLEDGED LEVEL OF AID. (FY 1975 ASSISTANCE WILL COUNT TOWARD PLEDGE MADE AT IGGI MEETING LAST DECEMBER.) INDONESIANS CLEARLY UNDERSTAND CONCESSIONAL AID MUST PHASE DOWN BUT
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PRESIDENT SUHARTO HAS MADE SPECIAL APPEAL TO ME TO TRY TO

MAINTAIN PLEDGED LEVEL FOR THIS INDONESIAN FINANCIAL YEAR. THERE IS, IN MY VIEW THEREFORE, CLEAR U.S. INTEREST IN CONTINUING PL 480 FOR ONE MORE YEAR IN VIEW EXPECTATIONS OF INDONESIANS, IMPORTANCE THIS COUNTRY AND FACT THAT WE MADE PLEDGE.

4. DECISION TO ELIMINATE PL 480 WOULD MEAN THAT, AS COMPARED WITH OUR IGGI PLEDGE OF \$233 MILLION FOR 1974/75, WE WILL BE REQUESTING \$60 MILLION IN FAA FUNDS. WE MAY NOT EVEN GET THIS FIGURE FROM CONGRESS. IF HOWEVER, THIS IS TO BE SITUATION IT BECOMES EVEN MORE NECESSARY TO BE FRANK WITH INDONESIANS AND AT SAME TIME TO SEFP SOME COMPENSATORY ARRANGEMENTS WHICH WOULD BOTH CUSHION THE ADJUSTMENT AND FIT CURRENT ECONOMIC REALITIES. I CONTINUE TO SEE AN AFFIRMATIVE POSTURE BY EXIM AS BEST ANSWER TO THIS PROBLEM.
NEWSOM

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O, MR. SARROS.

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NNN

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